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APPROVED FOR RELEASE□ DATE: 09-10-2009

COMMENT: YANG AND LIV ARE TWO OF CHINA'S KEY DECISIONMAKERS ON ARMS SALES AND PROBABLY WANT TO ENSURE THE CONTINUED VITALITY OF EXTENSIVE JOINT DEVELOPMENT PROGRAMS WITH PAKISTAN AND IRAM. SUCH

(b)(3) (b)(1)

Lor 94/429 Box 17651 EFFORTS ARE CRITICAL TO FUNDING RED NEEDED TO KEEP CHINESE ARMS EXPORTS COMPETITIVE AND TO SUPPORT THE MODERNIZATION OF CHINA'S MILLIARY.

IN TEHRAM, YANG MAY PORTRAY CHINA'S PLAN TO ACCEDE TO THE NUCLEAR MON-PROLIFERATION TREATY AS NO THREAT TO NUCLEAR COOPERATION WITH IRAM. HE IS ALSO LIKELY TO GIVE BROAD ASSURANCES ON BEIJING'S WILLINGNESS TO SUPPORT IRAMIAN DEFENSE ENDEAVORS, WHILE STRESSING

PAGE 7 RUEATIA 8882 SECRET
THE NEED FOR DISCRETION IN THE CLIMATE OF GROWING INTERNATIONAL
SCRUTINY.